

EXHIBIT “A”

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

In re:	§ CHAPTER 11 CASE
	§
INTEGRA HOSPITAL PLANO, L.L.C., et. al.	§ CASE NO. 08-42998
	§
	§ Jointly Administered
Debtors.	§
	§

BID PROCEDURES

These procedures (the “**Bid Procedures**”) describe the process by which Integra Hospital Plano, L.L.C. (“Integra Plano”), Integra Hospital Baton Rouge, L.L.C. (“Integra Baton Rouge”), Integra Hospital Management, L.L.C. (“Integra Management”) and Integra Healthcare Holdings, Ltd. (“Integra Holdings,” together with Integra Plano, Integra Baton Rouge and Integra Management, the “**Debtors**” or “**Companies**”), debtors and debtors-in-possession in the above-captioned chapter 11 cases (“**Cases**”) have been authorized to conduct a sale by public auction (the “**Auction**”) of the substantially all of their assets (the “**Assets**”).

These bid procedures were approved by order (the “**Bid Procedures Order**”)¹ of the United States Bankruptcy Court for the Eastern District of Texas (the “**Bankruptcy Court**”), on or around _____.

On **Wednesday, November 26, 2008**, as further described below and in the Bid Procedures Order, the Bankruptcy Court shall conduct the Sale Hearing to approve the Sale to one or more Qualified Bidders (defined below) that the Debtors determined, in its discretion, to have made the highest and/or best offer for the Assets.

¹ All capitalized terms not defined herein shall be given the meaning ascribed to them in the Bid Procedures Order.

A. The Asset Purchase Agreement

The Debtors will provide a copy of a form APA as soon as possible upon request.

B. Assets to be Sold.

If Qualified Bids (defined below) are received by the Debtors before the Bid Deadline, the Debtors will conduct the Auction for the sale of the Assets to the bidder who submits the highest and/or best offer.

C. Qualified Bids

To be a Qualified Bid, a Bid must: (i) be for cash and submitted in writing and received by (a) the Debtors; (b) counsel to the Debtors; (c) the proposed CRO and (d) counsel for the U.S. Trustee; (d) counsel to any official committee of creditors (the “**Committee**”)²; (e) counsel to Bank of Texas; and (f) counsel to Contemporary Healthcare Capital at the below addresses no later than **Wednesday, November 19, 2008 at 5:00 p.m. (CDT)** (the “**Bid Deadline**”).

DEBTORS

Integra Hospital Plano, L.L.C.
2301 Marsh Lane
Plano, Texas 75093
Attn: Mark Pfeil
Fax number (972) 265-3119
Email address: mpfeil@integra-health.com

DEBTORS’ PROPOSED CHIEF RESTRUCTURING OFFICER

2 The Committee has not yet been formed. If it is formed, and if it retains counsel, contact information for that counsel will be available of the Bankruptcy Court’s website, which is www.txeb.uscourts.gov.

DEBTORS' PROPOSED COUNSEL

Cox Smith Matthews Incorporated
Attn: Mark Andrews
1201 Elm Street, Suite 3300
Dallas, TX 75270
Fax number (214) 698-7899
Email: mandrews@coxsmith.com

UNITED STATES TRUSTEE

Attn: Timothy W. O'Neal
Assistant United States Trustee
110 North College Avenue
Room 300, Tyler, TX 75702
Fax number (903) 590-1461
Email address: timothy.w.o'neal@usdoj.gov

COUNSEL TO BANK OF TEXAS

Jackson Walker L.L.P.
Attn: Kenneth Stohner
901 Main Street, Suite 6000
Dallas, Texas 75202
Fax: (214) 953-5822
Email: kstohner@jw.com

COUNSEL TO CONTEMPORARY HEALTHCARE CAPITAL

Farrell Fritz, P.C.
Attn: Ted Berkowitz
1320 Rexcorp Plaza
Uniondale, New York 11556
Fax: (516) 336-2232
Email: tberkowitz@farrellfritz.com

The Bid must also:

- (i) (a) be for the purchase of all of the Assets, (b) state the entity or entities bidding on the Assets; and (c) state the proposed purchase price;
- (ii) be a "firm offer" and not contain any contingencies to the validity, effectiveness, or binding nature, including, without limitation, contingencies for financing, due diligence, or inspection;

(iii) be accompanied by a deposit (the “**Good Faith Deposit**”) in the form of cash or in other form of immediately available U.S. funds, in an amount equal to \$ _____. The Good Faith Deposit shall be delivered to Debtors’ proposed counsel, Cox Smith Matthews Incorporated, to be held in their trust account pending closing of the Sale. Wire instructions will be made available to such account upon request. A deposit is not required for Credit bids;

(iv) for cash in the aggregate proposed purchase price in an amount to equal or exceed the sum of (a) \$ _____; (b) \$100,000.00 (initial overbid); and (c) \$ _____ plus accrued interest (DIP loan amount);

(v) be on terms that are, in the Debtors’ business judgment, the same or better than the terms in the APA. A Bid shall include a copy of the APA marked to show all changes requested by the Bidder;

(vi) be irrevocable until five (5) business days after the consummation or closing of the Sale approved by this Court in a final, nonappealable order;

(vii) be accompanied by evidence reasonably satisfactory to the Debtors demonstrating the Bidder’s financial ability to close no later than Monday December 1, 2008, or such later date as described below; and

(viii) not request or entitle the Qualified Bidder to any fee, expense-reimbursement, or similar type of payment.

Any Bid submitted in accordance with the foregoing procedures shall be deemed a “**Qualified Bid**.” Each bidder submitting a Qualified Bid shall be deemed a “**Qualified Bidder**.”

D. Access to Information.

Any entity that desires to submit a Qualified Bid for the Assets shall be permitted to conduct and complete reasonable due diligence prior to the Bid Deadline as set forth herein. Each entity seeking to submit a Bid shall, upon execution of a confidentiality agreement in the form provided by the Debtors, be provided due-diligence materials containing information about the Assets.

E. Auction and Selection of Winning Bid.

Following expiration of the Bid Deadline, the Debtors will review all Qualified Bids and, in consultation with Bank of Texas and Contemporary Healthcare Fund I LP , determine which Qualified Bid(s) represents the highest and/or best offer for the Assets. The highest and/or best offer for the Assets may not represent the highest gross purchase price; instead, it may reflect the assessment by the Debtors of certainty of closing, value of consideration, and other factors. These factors may include any factor that the Debtors reasonably deem relevant to the value of the Qualified Bid to the estates, including, (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities, if any; (iii) the ability of the Qualified Bidder to close the proposed transaction; (iv) the proposed closing date and the likelihood, extent, and impact of any potential delay in closing; (v) any purchase price adjustments; (vi) the impact of the contemplated transaction on any actual or potential litigation; (vii) the net economic effect of any differences between proposed agreements or sale documents; and (viii) the net after-tax consideration to be received by the Debtors.

No later than Friday, November 21, 2008, the Debtors will notify all Qualified Bidders of (i) the highest, best, and/or otherwise financially superior Qualified Bid, as determined in the Debtors' discretion (the "**Baseline Bid**") and in consultation with Bank of Texas and

Contemporary Healthcare Fund I LP. The determination of which Qualified Bid constitutes the Baseline Bid shall take into account any factor that the Debtors reasonably deem relevant to the value of the Qualified Bid to the estates, including, among other things, the following, which may govern, but not control: (a) the amount and nature of the consideration; (b) the proposed assumption of any liabilities, if any; (c) the ability of the Qualified Bidder to close the proposed transaction; (d) the proposed closing date and the likelihood, extent, and impact of any potential delay in closing; (e) any purchase-price adjustments; (f) the impact of the contemplated transaction on any actual or potential litigation; (g) the net economic effect of any changes from the APA, if any, contemplated by the proposed transaction; and (h) the net after-tax consideration to be received by the Debtors (collectively, the “**Bid Assessment Criteria**”).

If a Qualified Bids is received, the Debtors will conduct the Auction on Monday, November 24, 2008, at 9:00 a.m. (CDT), or such other time and location as may be designated by the Debtors, to determine which Qualified Bid(s) is the highest and/or best offer for the purchase of the Assets.

Unless otherwise stated, the Auction shall be held at the offices of Cox Smith Matthews, 1201 Elm Street, Suite 3300, Dallas, Texas 75270. Unless otherwise announced by the Debtors at the commencement of the Auction, the following procedures shall govern the Auction:

(i) The Debtors Shall Conduct the Auction. The Debtors and its professionals shall direct and preside over the Auction. At the start of the Auction, the Debtors shall describe the terms of the Baseline Bid and open the Auction for higher and/or better Bids. All Bids made thereafter shall be Overbids (as defined below), and shall be made and received on an open basis, with all material terms of each Bid fully disclosed to all other Qualified Bidders. The Debtors shall

maintain a transcript of all Bids made and announced at the Auction, including the Baseline Bid, all Overbids and the Successful Bid.

(ii) Participation at the Auction. Only a Qualified Bidder is eligible to participate at the Auction. Only the authorized representative of each Qualified Bidder shall be permitted to attend. Representatives and counsel for Bank of Texas and Contemporary Healthcare Fund I, L.P. shall also be permitted to attend the Auction.

(iii) Overbids. During the Auction, bidding shall begin with the Baseline Bid and subsequently continue in minimum increments of at least \$100,000.00, or such other amount as may be determined by the Debtors during the Auction. Other than as set forth herein, the Debtors may conduct the Auction in the manner it determines will result in the highest, best, and/or otherwise financially superior offer for the Assets.

(iv) Additional Procedures. In its reasonable discretion, the Debtors, in consultation with Bank of Texas and Contemporary Healthcare Fund I, LP, may adopt rules for the Bid Procedures and for the Auction at or prior to the Auction that, in its reasonable discretion, will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Bid Procedures Order. All such rules will provide that all bids shall be made and received in one room, on an open basis, and all other Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each Qualified Bidder (i.e., the principals submitting the bid) shall be fully disclosed to all other

Qualified Bidders and that all material terms of each Qualified Bid will be fully disclosed to all other Qualified Bidders throughout the entire Auction.

(v) Closing the Auction. Upon conclusion of the bidding, the Auction shall be closed, and the Debtors in consultation with Bank of Texas and Contemporary Healthcare Fund I LP shall (a) immediately review each Qualified Bid on the basis of financial and contractual terms and the actors relevant to the Sale process, including those factors affecting the speed and certainty of consummating the Sale, (b) identify the highest, best, and/or otherwise financially superior offer for the Assets (the “**Successful Bid**”) and the entity submitting such Successful Bid (the “**Successful Bidder**”), which highest, best, and/or otherwise financially superior offer will provide the greatest amount of net value to the Debtors, (c) identify the next highest or otherwise best offer after the Successful Bid (the “**Back-Up Bid**”), and advise the entity submitting such Back-up Bid (the “**Successful Back-Up Bidder**”), and (d) announce to the participants the results of the Auction.

The Debtors reserve the right to reject, at any time before the Sale Hearing, any Bid or Qualified Bid that the Debtors determine is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code or these Bid Procedures, or (iii) contrary to the best interests of the Debtors, its estates, and the creditors thereof.

**IF THE DEBTORS DO NOT RECEIVE A QUALIFIED BID BY THE BID DEADLINE,
THE AUCTION WILL NOT BE HELD.**

F. Bids to Remain Open.

Notwithstanding the Debtors' acceptance of a Qualified Bid as the Successful Bid or Successful Back-Up Bid, all Qualified Bids shall remain open and irrevocable until the closing or consummation of the Sale and may be used to close or consummate a Sale without further Order of the Bankruptcy Court if a sale to the Successful Bidder or Successful Back-Up Bidder is either not approved by the Bankruptcy Court or not timely consummated as detailed in that Bid.

G. Sale Hearing.

The Debtors will seek approval of the Successful Bid and Successful Back-Up Bid at a hearing (the "**Sale Hearing**") before the Honorable Brenda T. Rhodes, United States Bankruptcy Judge in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division, Suite 300B, 660 North Central Expressway, Plano, Texas 75074, on **Wednesday, November 26, 2008**. Any Qualified Bidder whose Qualified Bid is finally approved by the Bankruptcy Court and authorized to be consummated by the Debtors shall be referred to herein as a "**Purchaser**."

H. Closing.

The Debtors and the Purchaser shall use commercially reasonable efforts to consummate the Bankruptcy Court-approved transaction, including the payment of the purchase price in readily available funds, on or prior to **Monday, December 1, 2008** (the "**Closing**"). In connection with the Closing, the Purchaser's Good Faith Deposit shall be applied by the Debtors against the cash portion of the purchase price to be paid by the Purchaser at Closing.

I. Deposits.

All Good Faith Deposits received by the Debtors shall be maintained in a segregated account and be subject to the jurisdiction of the Bankruptcy Court. Notwithstanding the irrevocable nature of each Qualified Bid as set forth above, within seven (7) business days after

the Auction, the Debtors shall return the Good Faith Deposit of all Bidders other than the Successful Bidder and the Successful Back-Up Bidder without further order of the Bankruptcy Court.

Except as otherwise set forth below, within a reasonable time after the Closing, and without further order of the Bankruptcy Court, the Debtors shall return the Good Faith Deposit to each Qualified Bidder that is not the Purchaser.

J. Purchaser Default.

If any Purchaser fails to close the purchase of the Assets after approval of the Successful Bid by the Bankruptcy Court at the Sale Hearing, such Purchaser's Good Faith Deposit shall be forfeited to and retained irrevocably by the Debtors, and the Debtors specifically reserve the right to seek all appropriate additional damages from any such Purchaser.

K. Jurisdiction of Bankruptcy Court.

All Qualified Bidders are deemed to have submitted to the exclusive jurisdiction of the Bankruptcy Court with respect to all matters relating to the sale of the Assets and the transactions contemplated thereby.

L. Costs and Expenses.

Each bidder (whether or not a Qualified Bidder) shall bear its own costs and expenses (including any legal or other professionals' fees and expenses) incurred in connection with its investigation and evaluation of the Assets. The costs and expenses incurred by the Debtors will be borne by the Debtors and its estates.

No other finder's fees, broker's fees, or commissions will be paid by the Debtors in connection with any transaction that may result hereby. No bidder shall be entitled to any fee, expense reimbursement, or similar type of payment. Further, by submitting a Bid, a Bidder shall

be deemed to waive its right to pursue a substantial contribution claim under section 503 of the Bankruptcy Code or in any way related to the submission of its Bid or the Bid Procedures.

M. As-Is, Where-As Sale.

The sale of the Assets shall be on an “as is, where is” basis and without representations or warranties of any kind, nature, or description by the Debtors, its agents, or estates except as otherwise agreed in writing. Each Qualified Bidder (as defined below) shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Assets prior to making its offer, that it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or the Assets in making its Bid, and that it did not rely on any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures or, (i) as to the Purchaser, the terms of the Sale shall be set forth in the APA, or (ii) as to another Successful Bidder, the terms of the Sale shall be set forth in the applicable asset purchase agreement.

N. Free Of Any And All Interests.

All of the Debtors’ rights, title, and interest in and to the Assets shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against in accordance with 11 U.S.C. § 363, with such interests to attach to the net proceeds of the sale of the Assets.

O. Reservation of Rights; Deadline Extensions.

In its reasonable business judgment, the Debtors reserve the right to (i) impose, at or prior to the Auction, additional terms and conditions on the Sale of the Assets consistent with the Bid

Procedures Order; (ii) extend the deadlines set forth in the Bid Procedures; (iii) adjourn the Auction at the Auction; (iv) adjourn the Sale Hearing in open court without further notice; (v) withdraw from the Auction all or a portion of the Assets at any time prior to or during the Auction or cancel the Auction; (vi) reject all Qualified Bids if no bid is, in the Debtors' reasonable business judgment for fair and adequate consideration; and (vii) modify the Bid Procedures, including, without limitation, any and all processes and rules regarding conduct of activities at the Auction, including, *among other things*, the manner in which bids are submitted and the permitted increments of such bids.